

MORTGAGE

7430 7432
RECORDATION NO. _____

MAR 18 1974 - 1 35 PM

INTERSTATE COMMERCE COMMISSION

THIS MORTGAGE made and given as of the 15TH day of February, 1974, by RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC., a Delaware corporation ("Mortgagor") to WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association ("Mortgagee").

WHEREAS, Mortgagor and Mortgagee have entered into a certain Loan and Security Agreement dated as of November 1, 1973, (the "Loan Agreement"), pursuant to which Mortgagor is borrowing from Mortgagee the sum of \$8,600,000 which borrowing is evidenced by a promissory note of even date herewith, a copy of which is attached hereto as Exhibit A (the "Term Note"); and

WHEREAS, Mortgagor desires to grant this Mortgage to secure the prompt payment of all sums when due pursuant to the Term Note, the provisions of the Loan Agreement applicable to the Term Note and this Mortgage and to secure the faithful performance of all other covenants and agreements relating to the Term Note:

NOW, THEREFORE, in consideration of the sums borrowed by Mortgagor from Mortgagee pursuant to the Term Note and the covenants and agreements set forth herein and in the Loan Agreement, Mortgagor does hereby mortgage unto Mortgagee all of the railroad cars identified in Exhibit B hereto, including all components and parts installed therein or hereafter acquired and installed therein (referred to herein in the aggregate as the "Mortgaged Property").

1. Mortgagor's Warranties and Agreements. Mortgagor hereby warrants and agrees that:

(a) Mortgagor is the legal and beneficial owner of the Mortgaged Property, and the Mortgaged Property is not subject to any mortgage, lien, charge or encumbrance (other than the lien of this Mortgage). Mortgagor has full power and lawful authority to mortgage the Mortgaged Property as herein provided and will defend the rights and interests of Mortgagee hereunder against the claims and demands of all other persons.

(b) Mortgagor will not sell, exchange, lease, encumber or pledge any of the Mortgaged Property or create or allow to be created any security interest therein (other than that created by this Mortgage) or do anything that might affect any of Mortgagee's rights therein or under this Mortgage without the prior written consent of Mortgagee.

(c) Mortgagor will, at its own cost and expense, cause the Mortgaged Property to be maintained and kept in good order and repair and will promptly replace the parts thereof which may be worn out, lost, destroyed, or in any other manner rendered unfit or unavailable for use in accordance with its past practices. Mortgagor shall have the right to alter, and make additions to or substitutions for, any part of the Mortgaged Property; provided that no such alteration, addition or substitution shall reduce the market value of the Mortgaged Property; and provided further that no substitution of an entire car shall be made unless Mortgagor has taken such steps as may, in Mortgagee's judgment, be necessary to perfect this Mortgage with respect to such substitute car. Mortgagor will not, without the prior written consent of Mortgagee, permit any property not owned by Mortgagor free and clear to be installed or used in or substituted for any Mortgaged Property.

(d) Mortgagor will at all times contract with responsible railroads for the operation of the Mortgaged Property and, to the extent reasonably within its control, will cause the Mortgaged Property to be operated in a careful and efficient manner and in compliance with the applicable laws and regulations of all governmental authorities having jurisdiction thereof.

(e) Mortgagee's authorized representatives shall have the right to inspect the Mortgaged Property at all reasonable times

(f) Mortgagor will pay when due and payable all fees, charges, assessments or taxes hereafter levied or imposed in respect of the Mortgaged Property or this Mortgage, except such as it may contest in good faith by appropriate proceedings and for which appropriate reserves have been established.

(g) Mortgagor will indemnify and hold Mortgagee harmless from and against any and all liabilities, damages, losses and judgments of every kind and nature, including reasonable attorney's fees and all other costs and expenses incident thereto, arising out of or in connection with the ownership, use or operation of the Mortgaged Property.

(h) Mortgagor will insure the Mortgaged Property against such risks and casualties and in such reasonable amounts as Mortgagor may require. All insurance policies shall be written for the benefit of Mortgagor and Mortgagee as their interests may appear, shall be payable to Mortgagee for any loss in excess of \$50,000 and shall provide that if the insurers cancel such insurance for any reason or the same is allowed to lapse for nonpayment of premium, such cancellation or lapse shall not be effective as to Mortgagee for a period of thirty (30) days after receipt by Mortgagee of notice from such insurers of such cancellation or lapse. Certificates evidencing such insurance shall be furnished to Mortgagee. If

Mortgagor fails to pay the premium on any such insurance, Mortgagee may do so for Mortgagor's account adding the amount thereof to the debt secured hereby. In the event the Mortgaged Property, or any portion thereof, should become damaged, lost or destroyed, all insurance proceeds which are realized as a result thereof shall be applied as provided in this paragraph. So long as Mortgagor shall not be in default hereunder, all such proceeds shall be applied to the purchase by Mortgagor of replacement property of at least equal value and utility or to the expenses of repairs, and the balance, if any, shall be paid to Mortgagor; provided, however, that all replacement property shall be subject to the lien of this Mortgage and Mortgagor agrees to execute and record any instruments and take any other actions required to perfect this Mortgage with respect to replacement property. Any insurance proceeds which become payable with respect to the Mortgaged Property at a time when an Event of Default (as hereinafter defined exists or any event which after lapse of time or the giving of notice (or both) would become an Event of Default shall be paid to Mortgagee and either held as security for the obligations of Mortgagor until such Event of Default has been cured to Mortgagee's satisfaction or applied by Mortgagee to the debt secured by this Mortgage.

(i) Mortgagor will, at its own cost and expenses, promptly record this Mortgage, and all amendments or supplements hereto, in such places, and execute and file such other documents as may be required to perfect and continue perfected the security interest created by this Mortgage. In addition to any other actions which

may be necessary or appropriate to discharge its previously stated duties, Mortgagor shall at its own expense duly and promptly record this Mortgage and all amendments and supplements hereto with the Interstate Commerce Commission pursuant to Section 20c of Title 49 of the United States Code and amendments thereto, and shall promptly and duly execute and file all documents and comply with all procedures and rules necessary or appropriate to perfect Mortgagee's security interest in the Mortgaged Property, including all replacements, substitutions and additions thereto, pursuant to Part 1116 of Title 49 of the Code of Federal Regulations and amendments thereto. Mortgagor hereby appoints Mortgagee as its attorney-in-fact to do all acts and things which Mortgagee may deem necessary to perfect and continue perfected such security interest.

(j) Mortgagor warrants and agrees that all Mortgaged Property, including all replacements, substitutions and additions thereto, presently is and hereafter at all times shall be used or intended for use in connection with interstate commerce such that (1) this Mortgage shall be properly and validly recorded pursuant to Section 20c of Title 49 of the United States Code and amendments thereto, and (2) Mortgagee's security interest in said Mortgaged Property shall be and remain perfected pursuant to said statute and Part 1116 of Title 49 of the Code of Federal Regulations and amendments thereto.

2. Defaults. If one or more of the following Events of Default shall occur and be continuing:

(a) Mortgagor shall default in the payment of any sum due pursuant to the Term Note or any other sum secured by this Mortgage

or

(b) Mortgagor shall default in the observance or performance of any condition, covenant or agreement contained herein or in the Loan Agreement, and such default shall continue unremedied for a period of ten (10) days after Mortgagee has given Mortgager written notice specifying the nature of such default; or

(c) Mortgagor shall become insolvent or unable to pay its debts as they mature or shall file a voluntary petition in bankruptcy or seeking reorganization or to effect a plan or other arrangement with creditors, or shall file an answer admitting the jurisdiction of the court and the material allegations of an involuntary petition filed pursuant to any act of Congress relating to bankruptcy or reorganization, or shall be adjudicated a bankrupt or shall make an assignment for the benefit of creditors, or shall apply for or consent to the appointment of any receiver or trustee for all or a substantial part of the property of Mortgagor, or any such receiver or trustee shall be appointed and shall not be discharged within thirty (30) days after the date of such appointment; or

(d) Any representation or warranty made by Mortgagor herein or in any certificate or financial or other written statement furnished to Mortgagee in connection with this Mortgage or the Loan Agreement shall prove to have been false in any material respect when made;

THEN, upon the occurrence of any such Event of Default, Mortgagee may declare the entire unpaid balance of the Term Note and all other amounts then owing by Mortgagor to Mortgagee pursuant

to the Term Note to be immediately due and payable and may proceed to obtain foreclosure or execution of this Mortgage, or cause the sale of the Mortgaged Property, or any part thereof, under judgment or decree of any court of competent jurisdiction or to exercise any other right or remedy accorded by state and/or federal law, including Section 20c of Title 49 of the United States Code and other applicable federal laws and, to the extent applicable, the Uniform Commercial Code in force in the state where Mortgagor has its chief place of business within the meaning of Section 9103 of said Uniform Commercial Code.

Mortgagor shall be entitled to possession and use of the Mortgaged Property as long as an Event of Default shall not have occurred and be continuing.

3. Satisfaction. If and when the Term Note has been fully paid in accordance with its terms and the terms of the Loan Agreement, Mortgagee shall execute and deliver to Mortgagor appropriate instruments acknowledging satisfaction and discharge of this Mortgage.

4. Successors and Assigns. All of the covenants, warranties and agreements of Mortgagor contained herein shall be binding upon its successors and assigns, and shall insure to the benefit of Mortgagee, its successors and assigns.

5. Notices. All notices given hereunder shall be transmitted to the addresses below:

If to Mortgagor: Ringling Bros.-Barnum & Bailey
Combined Shows, Inc
1015 18th Street, NW
Washington, D. C. 20036

Attn: Charles F. Smith
Vice President - Finance

If to Mortgagee: Wells Fargo Bank, W.A.
464 California Street
San Francisco, California 94120

Attn: William B. Mayer
Vice President

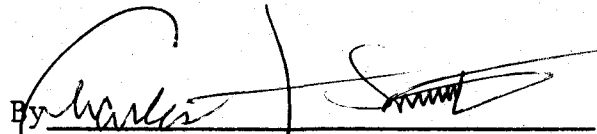
All such notices shall be deemed to have been given on the first business day after the day of mailing when sent by certified or registered mail, postage prepaid, or in case of telegraphic notice, when delivered to the telegraph company, charges prepaid.

6. No Waiver. No failure to exercise and no delay in exercising any right, power or privilege hereunder on the part of Mortgagee shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

7. Amendments. This Mortgage may only be amended or modified by a written instrument executed by each party hereto.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed and delivered to Mortgagee by its duly authorized officers as of the day and year first above written.

RINGLING BROS.-BARNUM & BAILEY
COMBINED SHOWS, INC.

By 
Charles F. Smith
Vice President

CITY OF WASHINGTON)
)
DISTRICT OF COLUMBIA)

On this day of , 1974, personally appeared Charles F. Smith, to me personally known, who being by me duly sworn, says that he is the Vice President of Ringling Bros.-Barnum & Bailey Combined Shows, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary J. Wear
Notary Public
My Commission expires:
7/14/74

EXHIBIT A

TERM NOTE

\$8,600,000

San Francisco, California
February 15, 1974

For value received, the undersigned (the "Company") hereby promises to pay to the order of Wells Fargo Bank, National Association (the "Bank"), at its San Francisco Branch office, 464 California Street, San Francisco, California in lawful money of the United States of America, the sum of Eight Million Six Hundred Thousand Dollars (\$8,600,000) pursuant to the Loan and Security Agreement hereinafter referred to, and further promises to pay interest at said office, in like money, on the principal amount hereof unpaid from time to time, from the date hereof at an annual rate equal to the prime commercial loan rate charged by Bank from time to time on ninety-day loans to responsible and substantial corporate borrowers plus three percent (3%), changing with each change in such prime rate. Principal shall be payable in ten (10) installments on the 15th day of each April and October commencing on October 15, 1974. The first two (2) installments shall each be Seven Hundred Thousand Dollars (\$700,000) and the remaining eight (8) installments shall each be one-eighth (1/8) of the principal balance then remaining. Interest shall be payable on each day a payment of principal is due and upon the payment in full of the unpaid principal amount hereof.

This Promissory Note is the Term Note referred to in a Loan and Security Agreement dated as of November 1, 1973 between Bank and the Company and the holder is entitled to the benefits thereof and the security provided for therein. This Note is subject to prepayment as provided in said Loan and Security Agreement. All terms used herein shall have the same meaning as defined in said Loan and Security Agreement.

Upon the occurrence of any of the Events of Default specified in said Loan and Security Agreement, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable.

RINGLING BROS.-BARNUM & BAILEY
COMBINED SHOWS, INC.

By _____

By _____

EXHIBIT B

Description of Railroad Cars

A. The following 32 railroad cars constitute the Ringling Bros.-Barnum & Bailey Blue Unit Train as of the date of this Mortgage:

<u>Quantity</u>	<u>Type of Car</u>	<u>Identification Numbers</u>
20	Coach	RB-138 through RB-156 and RB-157
4	Stock Car	RB-130 through RB-133
6	Piggy-Back Flats	RB-120 through RB-125
1	Bi-Level Piggy- Back Flat	RB-127
1	Tunnel Car (End Loading Baggage Car)	RB-126

B. The following 34 railroad cars constitute the Ringling Bros.-Barnum & Bailey Red Unit Train as of the date of this Mortgage:

<u>Quantity</u>	<u>Type of Car</u>	<u>Identification Numbers</u>
20	Coach	RB-40 through RB-59
4	Stock Car	RB-30 through RB-33
7	Piggy-Back Flats	RB-20 through RB-24, RB-28 and RB-29
1	Bi-Level Piggy- Back Flat	RB-25
2	Tunnel Car (End Loading Baggage Car)	RB-26 and RB-27